

Investment Policy Statement  
CITY of GAHANNA, OHIO

I. Purpose:

The purpose of this document is to establish the parameters and structures of the investment program for the City of Gahanna, Ohio under the Charter of the City of Gahanna and State of Ohio Revised Code (ORC 135, Section 14).

II. Authority:

The City of Gahanna has established an investment program under the authority provided by the Charter of the City of Gahanna, Ohio and directs the investment authority to reside with the Director of Finance (Director).

III. Investment Objectives:

The objectives of this investment program are:

1. To invest all public funds in a manner which will provide maximum safety and preservation of principal, while meeting all liquidity and operating demands, at reasonable market interest rates available.
2. To invest all moneys in accordance with the guidelines of ORC 135.14, with priorities being safety, liquidity and yield, in that order.
3. Primary objectives are the preservation of capital and the protection of investment principal.
4. To limit market risk and ensure reliable return on investments through diversification and management of securities held in the investment portfolio.
5. To safeguard repurchase agreement transactions so as to avoid all security risk and to limit and track the market risk.
6. To ensure that all entities conducting business with the investing authority comprehend ORC 135 and this investment policy.
7. To ensure that the portfolio remains sufficiently liquid to enable the investing authority to meet operating requirements which might be reasonably anticipated.
8. The portfolio is not for speculation and will not be leveraged under any circumstances.
9. Bank account relationships will be managed in order to secure adequate services while minimizing costs. Deposits should be concentrated into single accounts except where audit control considerations dictate otherwise.

IV. Investment Principles:

These funds shall be invested with skill, care and prudence, taking into account required liquidity and the prevailing circumstances that a prudent man acting in a like capacity and

familiar with such matters would use in the investment of a fund of like character and objectives. The investment portfolio shall be diversified to minimize the risk of large losses, unless circumstances at any given point in time indicate that diversification is clearly imprudent. All assets are to be fully invested at all times, including idle cash in overnight short term instruments.

V. Investment Goals:

The investment goals for this investment program are to achieve a minimum rate of return equal to the return from the 3 Month Treasury Bill Index and/or a 2% per year return premium to the Consumer Price Index over rolling three to five year periods.

VI. Marketability of Assets:

All securities held in the portfolio shall have ready liquidity, meaning that any issue must have established daily trading activity in excess of the units of the security held in the portfolio. In addition, no security shall be held in the portfolio for which there is not a daily, liquid market.

VII. Maturity Guidelines:

To the extent possible, the Director will attempt to match investment with anticipated cash flow requirements to take best advantage of prevailing economic and market conditions. The maximum maturity of any eligible investment is five years from the settlement date, as provided in ORC 135.14, unless the investment is matched to a specified obligation or debt of the subdivision. Any investment made must be purchased with a reasonable expectation of being held to maturity.

VIII. Investment Guidelines:

The Director may invest in any instrument or security authorized in ORC 135.14, as amended. Permissible investments include:

1. United States Treasury

- . Bills
- . Notes
- . Bonds
- . Other obligations or securities issued by the U. S. Treasury
- . Other obligations guaranteed as to principal and interest by the United States
- . Stripped principal or interest obligations of such eligible securities are strictly prohibited

2. Federal Government Agencies or Instrumentalities

- . Bonds
- . Notes
- . Debentures
- . Other Obligations, including but not limited to
  - . Federal National Mortgage Association
  - . Federal Home Loan Bank
  - . Federal Farm Credit Bank
  - . Federal Home Loan Mortgage Corporation
  - . Government National Mortgage Corporation
  - . Student Loan Marketing Association

All Federal agency or instrumentality securities must be direct issuances of the federal agency or instrumentality.

3. STAR Ohio is an eligible investment, providing that the fund maintains the highest letter rating provided by at least one nationally recognized rating service, as outlined in ORC 135.45.
4. Bonds and obligations of the State of Ohio.
5. Interim Deposits (such as Certificate of Deposit) in the eligible institutions applying for interim moneys, as provided in ORC 135.08.
6. No Load Money Market Funds consisting exclusively of obligations complying with provisions of this Investment Guidelines section and expressly excluding derivatives in accordance with ORC 135.14.
7. Written repurchase agreements (repos) with any eligible public depository mentioned in ORC 135.03, or with any dealer who is a member of the NASD. The market value of the subject securities held as collateral for an overnight repo (including sweep accounts) or term repo, must exceed the principal by at least 2% and the securities must be marked to market daily. Term repurchase agreements may not exceed 30 days. Any repurchase agreement with an eligible securities dealer must be transacted on a delivery versus payment basis. All securities purchased pursuant to a repurchase agreement must be delivered into the custody of the Director or an agent designated by the Director. Such institution or dealer must agree in writing to unconditionally repurchase any of the securities used for any repo transaction.
8. Reverse repurchase agreements are strictly prohibited.

IX. Additional:

Senior, secured, floating-rate loans by U.S. banks and other financial institutions for the current income consistent with capital preservation such as Eaton Vance Prime Rate Reserves.

X. Collateral:

All deposits shall be collateralized pursuant to ORC Chapter 135.

XI. Derivative Investments:

Investments in derivatives are strictly prohibited. A derivative is defined in ORC 135 as a financial instrument or contract or obligation whose value is based upon or linked to another asset or index or both, separate from the financial instrument, contract, or obligation itself. However, any eligible investment with a variable interest rate payment based upon a single interest payment or single index comprised of other investments consisting of US government or federal agency or instrumentality obligations is not considered a derivative if it matures in two years or less.

XII. Pooling:

The pooling of funds by subdivisions is prohibited, except as provided in ORC 715.02 or Sec. IV Article XVIII of the Ohio Constitution, and STAR Ohio.

XIII. Eligible Institutions

Any financial institution located within the State of Ohio as defined by ORC 135.03 is eligible to serve as an approved depository and/or investment banker. Only securities dealers and brokers that are members of the National Association of Securities Dealers (NASD) are eligible to be an investment provider. Investment advisors must be an eligible financial institution as defined by ORC 135.03, or an advisor that is registered with the Securities and Exchange Commission.

XIV. Acknowledgements

All brokers, dealers, and financial institutions initiating transactions with the Director by giving advice or making investment recommendations must sign investment policy thereby acknowledging their agreement to abide by the policy.

All brokers, dealers, and financial institutions executing transactions initiated by the Director must sign the investment policy acknowledging their comprehension and receipt of the policy.

XV. Reporting

The director shall establish and maintain an inventory of all obligations and securities acquired by the investing authority. The inventory shall include the description of the security, type, cost, par value, maturity date, settlement date, and coupon rate. The Director shall produce a monthly portfolio report detailing the current inventory or all obligations and securities, and all transactions during the month, income received and investment expenses paid.

Date Adopted: 12-22-1998

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Director of Finance

Date of Acknowledgment: \_\_\_\_\_

\_\_\_\_\_  
Name of Financial Institution

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Authorized Officer